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**U.S. House of Representatives**  
**Committee on Commerce**  
**Room 2125, Rayburn House Office Building**  
**Washington, DC 20515-6115**

**Remarks of**  
**The Honorable Dan Schaefer**  
**Chairman, Subcommittee on Energy and Power**  
**House Commerce Committee**  
**Chicago Field Hearing on Consumer Choice in Electricity**  
**Friday, May 2, 1997**

Today the Subcommittee is holding the third of four field hearings on the question of whether consumers should have the right to choose their own electric suppliers.

This hearing takes place in a state where legislators, regulators, and stakeholders are, as we speak, working to develop a plan to give consumers choice. I have been watching developments in Illinois, and I am impressed with the progress being made toward that goal. There seems to be broad agreement in Illinois that consumers should have the right to choose their electric suppliers. The ongoing debate in Illinois is focusing on questions such as "When should competition begin?"; "Should all consumers get choice at the same time, or should some customers get to go first?"; "Should utilities be able to fully recover stranded costs?"; and many others. We in Congress are asking ourselves many of these same questions.

I did not come here to be critical of any utility company. I am here to be critical of a regulatory system that no longer protects consumers. I am here to be critical of a regulatory process that makes people here in Chicago pay more than twice as much for electricity as people in Springfield. I am here to be critical of a regulatory system that makes utilities indifferent to their costs -- but which leaves consumers with the bleak options of either paying excessive costs or turning off their lights. The verdict is in -- that old regulatory regime has failed to protect consumers -- and we need a new process.

My legislation, the "Electric Consumers' Power to Choose Act," sets a Federal date certain for consumer choice, but ensures that the States have flexibility in creating their own transition plans. Under my bill, States make all the key decisions, except the threshold question of whether consumers should continue to be denied a choice.

Further, my bill includes a grandfathering provision to assure that programs established by the States that are progressive in moving early to consumer choice -- and I hope Illinois will join those ranks -- will be preserved. I am not trying to preempt Illinois; and even if I tried I doubt Denny Hastert, Bobby Rush, and John Shimkus would let me get away with it.

The Congress has a constitutional duty to regulate interstate commerce. A regulatory scheme where half the states allow consumers to choose their supplier, and the other half do not, is simply unworkable. Some States that are already adopting retail competition programs have indicated they may bar sales from states that have not adopted reciprocal programs. In addition, states that do not allow consumers to choose may attempt to bar sales of low cost electricity to consumers in other states. Both of these actions constitute state barriers to interstate commerce. These are just the sort of actions the U.S. Constitution holds Congress responsible for preventing.

The main reason I am pushing consumer choice legislation is to protect residential consumers. In my view, the status quo poses great risks to small consumers. In Illinois, just like in Georgia and Virginia, the big dogs -- large industrial companies -- are already eating. For example, the Sweetheart Cup Company here in Chicago pays only 3.8 cents per kilowatt-hour for electricity. Residential consumers who live across the street pay three times as much -- 11.25 cents. The big dogs are already being fed -- and fed well. I just want to make sure the puppies don't starve in the process.

I believe consumer choice is the best weapon to protect the consumer. We need to work together to craft legislation that will enable consumers to join together and purchase electricity in a cooperative manner through aggregation. Churches, low income organizations, schools, senior citizen groups, and other consumers should be able to join together and purchase electricity cooperatively. Imagine if all the churches in Chicago were able to purchase their electricity jointly? Or all the schools? Or all the low income advocacy groups? They would have as much buying power as the biggest company, and could demand a rate as good as the "big dogs" are getting now.

I look forward to hearing from our witnesses.